



Presentation of Financial Results for the First Half Ended in September 2023

November 7, 2023

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Both sales and operating profit exceeded plan. Increased sales and operating profit were achieved on a real basis, excluding the effect of foreign exchange rates, for new record highs in financial results.

While stagnant demand in all regions made the business environment challenging, we improved financial results by thoroughly executing measures, including strengthening proposals for products and services that contribute to achieving carbon neutrality and energy savings, expanding our Solutions business, implementing strategic selling price measures, and reducing variable and fixed costs.

- ✓ Air Conditioning business: Sales expanded in China and Asia. Even in Japan, the Americas, and Europe, we worked to improve proposal-based sales in markets identified as robust. These efforts resulted in increased sales and profits.
- ✓ Chemicals business: Despite the significant impact of stagnant demand, a rising trend was sustained in profits by expanding sales and implementing selling price measures for high-performance materials for semiconductor manufacturing equipment in which demand was strong.

| (billion yen) | FY2022 | FY2023 H1 | | Y/Y |
|---|------------------|------------------|--------------------------------|------|
| | H1 Results | Forecast (May) | Results | |
| Net sales | 2,019.8 | 2,090.0 | 2,225.2 | 110% |
| Operating profit (Percentage of profit to net sales) | 221.7 (11.0%) | 227.0 (10.9%) | 235.7 (10.6%) | 106% |
| Ordinary profit (Percentage of profit to net sales) | 222.7 (11.0%) | 218.0 (10.4%) | 221.1 (9.9%) | 99% |
| Profit attributable to owners of parent (Percentage of profit to net sales) | 156.4 (7.7%) | 150.0 (7.2%) | 153.0 (6.9%) | 98% |

FX Effect (Y/Y)

| | |
|------------------|-------------------|
| Net Sales | +91.5 billion yen |
| Operating Profit | +8.0 billion yen |

Y/Y Results Excluding FX Effect

| | |
|------------------|------|
| Net Sales | 117% |
| Operating Profit | 108% |

| | | |
|---------|-------|-------|
| USD/JPY | ¥134 | ¥141 |
| EUR/JPY | ¥139 | ¥153 |
| RMB/JPY | ¥19.9 | ¥19.8 |

Financial Results by Segments

| (billion yen) | | H1 Results | | |
|-------------------------|--|------------------|--------------------------------|------|
| | | FY2022 | FY2023 | Y/Y |
| Total | Net Sales | 2,019.8 | 2,225.2 | 110% |
| | Operating profit (Percentage of profit to net sales) | 221.7 (11.0%) | 235.7 (10.6%) | 106% |
| Air Conditioning | Net Sales | 1,854.2 | 2,056.0 | 111% |
| | Operating profit (Percentage of profit to net sales) | 192.9 (10.4%) | 205.1 (10.0%) | 106% |
| Chemicals | Net Sales | 131.3 | 124.8 | 95% |
| | Operating profit (Percentage of profit to net sales) | 25.8 (19.7%) | 27.8 (22.3%) | 108% |
| Others | Net Sales | 34.3 | 44.4 | 130% |
| | Operating profit (Percentage of profit to net sales) | 3.0 (8.7%) | 2.8 (6.3%) | 94% |

*Air-Conditioning business includes filter, refrigerator and freezer businesses.

Profit and Loss Statement

| (billion yen) | FY2022 H1 | FY2023 H1 | Impact on profitability |
|---|---------------------------|---------------------------|-------------------------|
| | 130 | 110 | |
| Net sales | 2,019.8 | 2,225.2 | +205.4 |
| Cost of sales | 1,341.2 (66.4%) | 1,442.4 (64.8%) | -101.2 |
| Gross profit | 678.5 (33.6%) | 782.8 (35.2%) | +104.2 |
| Selling general and administrative expenses | 456.9 (22.6%) | 547.0 (24.6%) | -90.1 |
| Operating profit | 221.7 (11.0%) | 235.7 (10.6%) | +14.1 |
| Non-operating gain or losses | 1.0 | -14.7 | *1 -15.7 |
| Ordinary profit | 222.7 (11.0%) | 221.1 (9.9%) | -1.6 |
| Extraordinary gains or losses | 6.6 | 4.9 | *2 -1.7 |
| Profit before income taxes | 229.2 (11.3%) | 225.9 (10.2%) | -3.3 |
| Corporate taxes, etc. | 68.3 | 67.7 | +0.6 |
| Tax burden ratio | 29.8% | 30.0% | |
| Profit attributable to non-controlling interests | 4.5 | 5.3 | -0.7 |
| Profit attributable to owners of parent | 156.4 (7.7%) | 153.0 (6.9%) | -3.4 |

*1 Changes in non-operating gains or losses

| | |
|---------------------------------|------------------|
| Foreign exchange gains | -8.2 (10.9→2.7) |
| Interest income | +1.6 (5.3→6.9) |
| Interest expenses | -12.1 (8.3→20.4) |
| Inflation accounting adjustment | -0.8 (4.7→5.6) |

Adjustments due to the application of inflation accounting in Turkey

*2 Changes in extraordinary gains or losses

| | |
|---|----------------|
| Loss (gain) on valuation of investment securities | -1.8 (7.1→5.3) |
|---|----------------|

() parentheses indicate percentage to net sales

Balance Sheet

| (billion yen) | 2022/9E | 2023/9E | Y/Y |
|---------------------------|----------------------|-------------------------------|--------|
| Cash and cash equivalents | 707.2 | 708.8 | +1.5 |
| Receivables | <u>64 days</u> 712.3 | <u>62 days</u> 756.2 | +43.9 |
| Inventories | <u>79 days</u> 875.5 | <u>89 days</u> 1,081.0 | +205.5 |
| Fixed assets | 1,516.8 | 1,747.4 | +230.7 |
| Investment and others | 183.2 | 193.8 | +10.6 |
| Others | 257.1 | 282.6 | +25.5 |
| Total Assets | 4,252.0 | 4,769.7 | +517.6 |

| | 2022/9E | 2023/9E | Y/Y |
|--|--------------------|----------------------------------|--------|
| Trade payables | 367.3 | 329.5 | -37.8 |
| Interest bearing (Interest-bearing ratio) | 799.8 (18.8%) | 1,005.6 (21.1%) | +205.8 |
| Others | 800.5 | 854.1 | +53.6 |
| Total liabilities | 1,967.6 | 2,189.1 | +221.5 |
| Total equity (Equity ratio) | 2,239.2 (52.7%) | 2,529.4 (53.0%) | +290.2 |
| Share Warrant | 3.2 | 3.9 | +0.7 |
| Non-controlling interests | 42.0 | 47.2 | +5.2 |
| Total net assets | 2,284.4 | 2,580.5 | +296.1 |
| Total liabilities and net assets | 4,252.0 | 4,769.7 | +517.6 |

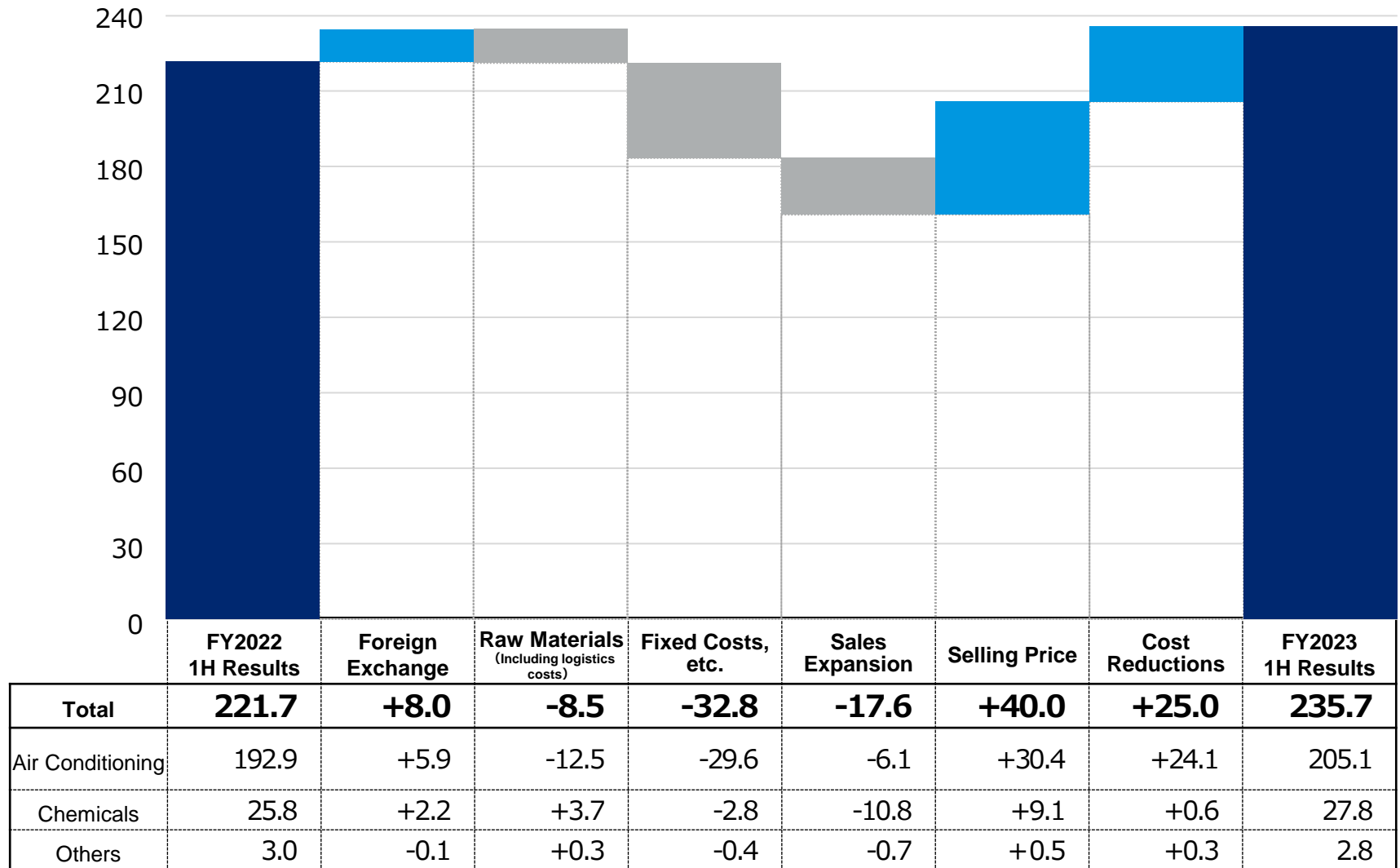
*Breakdown of interest-bearing debt

| | 2022/9E | 2023/9E | Y/Y |
|-----------------------|---------|----------------|--------|
| Short-term borrowings | 148.0 | 379.3 | +231.3 |
| CP | 30.0 | 116.6 | 86.6 |
| Bonds | 190.0 | 140.0 | -50.0 |
| Long-term borrowings | 311.0 | 224.9 | -86.1 |
| Lease debt | 120.8 | 144.7 | +23.9 |
| Total | 799.8 | 1,005.6 | +205.8 |

Breakdown of Changes in Operating Profit

[Year-on-Year Comparison of First Half Results]

(billion yen)



II . Business Forecast for FY2023 Companywide Business Forecast

With numerous measures for key themes slated for this term, we look to offset the impact of declining demand to achieve new record highs in financial results.

- ✓ The business environment is expected to become increasingly more challenging because of the slow recovery of the demand in Europe for heat pump heating, fears of lower housing investment in the United States from rising interest rates, and stagnant demand for durable consumer goods such as home appliances.
- ✓ We aim to increase market share by leveraging our strong sales network and product development capabilities that meet local needs. To ensure short-term profits, we are implementing strategic selling price measures and drastic total cost reductions.
- ✓ While attempting to expand our business with a focus on carbon neutrality and energy solutions, we will also be steadily implementing growth investments such as new factory construction, capacity expansion, R&D, product development, and investment in IT and digital technologies.

| | FY2022 Results | | | FY2023 Forecast (May.) | FY2023 | | | |
|--|------------------|-----------------|-----------------|---------------------------|--------------------------------|-------------------------------|-------------------------------|-------------|
| | H1 | H2 | Total | Total | H1 Results | H2 Forecast | Total Forecast | Y/Y |
| (billion yen) | | | | | | | | |
| Net sales | 2,019.8 | 1,961.8 | 3,981.6 | 4,100.0 | 2,225.2 | 2,014.8 | 4,240.0 | 107% |
| Operating profit <small>(Percentage of profit to net sales)</small> | 221.7 (11.0%) | 155.4 (7.9%) | 377.0 (9.5%) | 400.0 (9.8%) | 235.7 (10.6%) | 164.3 (8.2%) | 400.0 (9.4%) | 106% |
| Ordinary profit <small>(Percentage of profit to net sales)</small> | 222.7 (11.0%) | 143.6 (7.3%) | 366.2 (9.2%) | 380.0 (9.3%) | 221.1 (9.9%) | 158.9 (7.9%) | 380.0 (9.0%) | 104% |
| Profit attributable to owners of parent <small>(Percentage of profit to net sales)</small> | 156.4 (7.7%) | 101.4 (5.2%) | 257.8 (6.5%) | 264.0 (6.4%) | 153.0 (6.9%) | 111.0 (5.5%) | 264.0 (6.2%) | 102% |
| USD/JPY | ¥134 | ¥137 | ¥135 | | ¥141 | ¥135 | ¥138 | |
| EUR/JPY | ¥139 | ¥143 | ¥141 | | ¥153 | ¥145 | ¥149 | |
| RMB/JPY | ¥19.9 | ¥19.6 | ¥19.8 | | ¥19.8 | ¥19.5 | ¥19.6 | |

FX Effect (Y/Y)

| | |
|------------------|-------------------|
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Y/Y Results Excluding FX Effect

| | |
|------------------|------|
| Net Sales | 117% |
| Operating Profit | 108% |

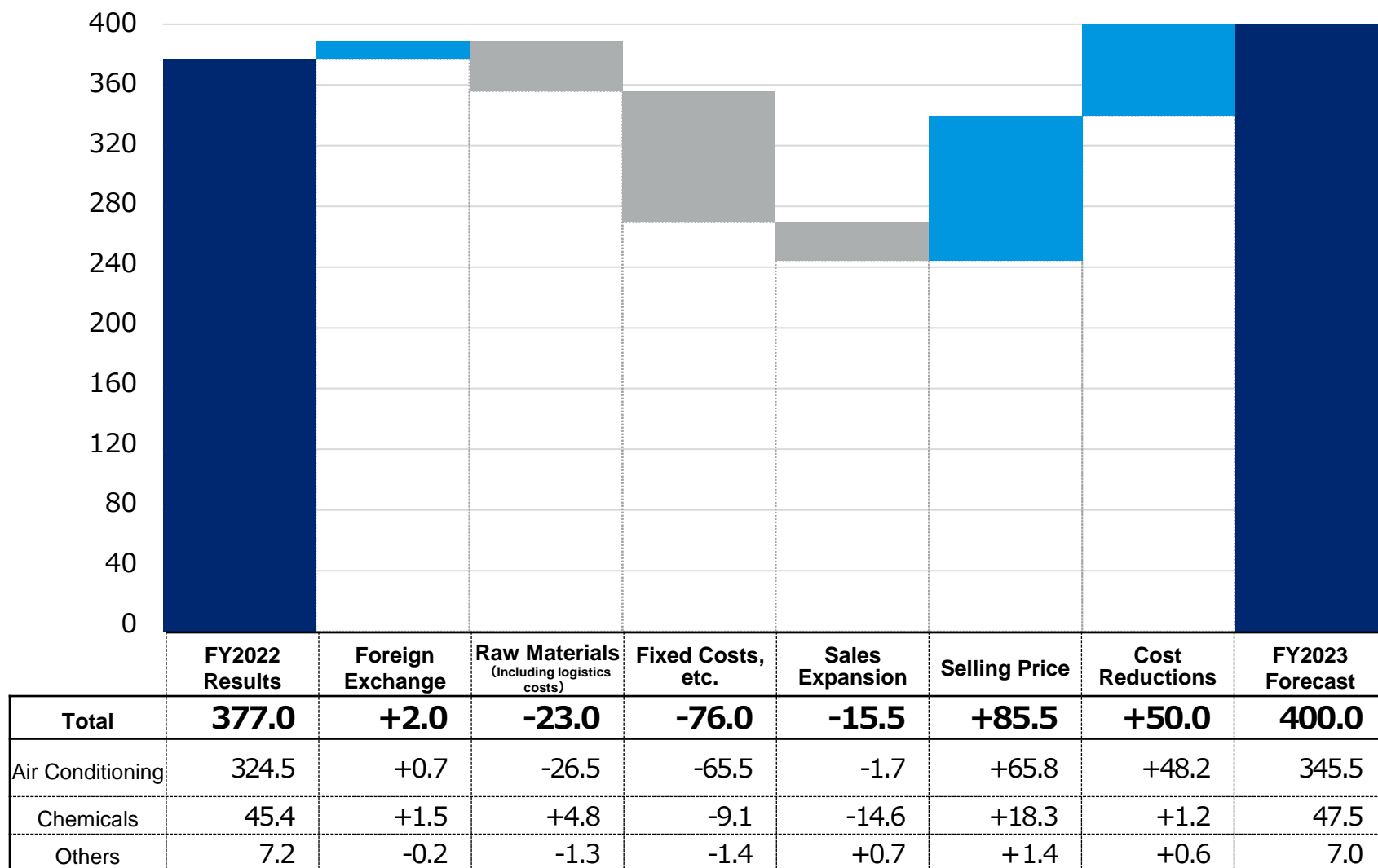
Business Forecast by Segments

| (billion yen) | | FY2022 Results | FY2023 Forecast (Nov.) | | | |
|-----------------------------|--|-------------------|-------------------------|------------------------|------------------------|-------------|
| | | | H1 Results | H2 Forecast | Total Forecast | Y/Y |
| Total | Net Sales | 3,981.6 | 2,225.2 | 2,014.8 | 4,240.0 | 107% |
| | Operating profit (Percentage of profit to net sales) | 377.0 (9.5%) | 235.7 (10.6%) | 164.3 (8.2%) | 400.0 (9.4%) | 106% |
| Air Conditioning | Net Sales | 3,629.8 | 2,056.0 | 1,830.0 | 3,886.0 | 107% |
| | Operating profit (Percentage of profit to net sales) | 324.5 (8.9%) | 205.1 (10.0%) | 140.4 (7.7%) | 345.5 (8.9%) | 106% |
| Chemicals | Net Sales | 263.4 | 124.8 | 135.2 | 260.0 | 99% |
| | Operating profit (Percentage of profit to net sales) | 45.4 (17.2%) | 27.8 (22.3%) | 19.7 (14.6%) | 47.5 (18.3%) | 105% |
| Others | Net Sales | 88.4 | 44.4 | 49.2 | 94.0 | 106% |
| | Operating profit (Percentage of profit to net sales) | 7.2 (8.1%) | 2.8 (6.3%) | 4.2 (8.5%) | 7.0 (7.4%) | 97% |

Breakdown of Changes in Operating Profit

[Year-on-Year Comparison of Forecast]

(billion yen)



Sales by Region - AC Business

* Includes refrigerator, freezer and filter businesses

*Percentage expresses year on year comparison

| (billion yen) | FY2019 H1 | | FY2020 H1 | | FY2021 H1 | | FY2022 H1 | | FY2023 H1 | | FY2023 Forecast (Currently announced) | |
|---------------------------------|--------------|---------|-----------|---------|-----------|---------|-----------|---------|-------------|----------------|--|----------------|
| | Japan | 107% | 268.7 | 93% | 250.8 | 109% | 272.8 | 102% | 279.2 | 105% | 294.5 | 107% |
| Europe | 113% | 188.7 | 98% | 185.7 | 139% | 258.4 | 118% | 305.0 | 108% | 328.3 | 103% | 680.0 |
| China | 96% | 199.4 | 91% | 181.4 | 134% | 243.2 | 110% | 266.4 | 101% | 270.3 | 100% | 430.0 |
| Americas | 108% | 369.4 | 93% | 343.9 | 129% | 443.9 | 155% | 688.5 | 119% | 819.0 | 114% | 1,520.0 |
| Asia | 106% | 148.7 | 76% | 112.5 | 117% | 131.3 | 155% | 203.9 | 107% | 217.1 | 104% | 430.0 |
| Oceania | 90% | 33.7 | 106% | 35.8 | 130% | 46.7 | 133% | 61.9 | 100% | 62.0 | 96% | 124.0 |
| Middle East | 92% | 22.0 | 84% | 18.5 | 144% | 26.6 | 161% | 42.9 | 136% | 58.2 | 103% | 100.0 |
| Africa | 86% | 3.7 | 84% | 3.2 | 157% | 5.0 | 132% | 6.5 | 100% | 6.5 | 84% | 12.0 |
| Total | 105% | 1,234.4 | 92% | 1,131.7 | 126% | 1,427.9 | 130% | 1,854.2 | 111% | 2,056.0 | 107% | 3,886.0 |
| Overseas Net Sales ratio | | 78% | | 78% | | 81% | | 81% | | 86% | | 85% |
| USD/JPY | | ¥109 | | ¥107 | | ¥110 | | ¥134 | | ¥141 | | ¥138 |
| EUR/JPY | | ¥121 | | ¥121 | | ¥131 | | ¥139 | | ¥153 | | ¥149 |
| RMB/JPY | | ¥15.7 | | ¥15.3 | | ¥17.0 | | ¥19.9 | | ¥19.8 | | ¥19.6 |

Sales by Region - Chemicals Business

*Percentage expresses year on year comparison

| (billion yen) | FY2019 H1 | | FY2020 H1 | | FY2021 H1 | | FY2022 H1 | | FY2023 H1 | | FY2023 Forecast (Currently announced) | |
|-----------------|--------------|------|-----------|------|-----------|-------|-----------|-------|-------------|--------------|--|--------------|
| | Japan | 98% | 26.2 | 72% | 18.8 | 145% | 27.2 | 127% | 34.6 | 97% | 33.5 | 104% |
| Americas | 91% | 21.3 | 76% | 16.1 | 124% | 20.0 | 142% | 28.5 | 78% | 22.3 | 88% | 52.0 |
| China | 92% | 17.9 | 109% | 19.6 | 128% | 25.0 | 119% | 29.7 | 92% | 27.4 | 95% | 53.0 |
| Asia | 91% | 11.4 | 88% | 10.0 | 126% | 12.6 | 137% | 17.2 | 92% | 15.8 | 107% | 37.0 |
| Europe | 68% | 12.3 | 79% | 9.7 | 170% | 16.6 | 125% | 20.6 | 122% | 25.2 | 104% | 44.0 |
| Others | 93% | 0.8 | 49% | 0.4 | 143% | 0.6 | 115% | 0.6 | 88% | 0.6 | 77% | 1.0 |
| Total | 89% | 90.0 | 83% | 74.6 | 136% | 101.9 | 129% | 131.3 | 95% | 124.8 | 99% | 260.0 |

| | | | | | | |
|---------------------------------|-------|-------|-------|-------|-------|-------|
| Overseas Net Sales ratio | 71% | 75% | 73% | 73% | 73% | 74% |
| USD/JPY | ¥109 | ¥107 | ¥110 | ¥134 | ¥141 | ¥138 |
| EUR/JPY | ¥121 | ¥121 | ¥131 | ¥139 | ¥153 | ¥149 |
| RMB/JPY | ¥15.7 | ¥15.3 | ¥17.0 | ¥19.9 | ¥19.8 | ¥19.6 |

*Others: Oceania, Middle East, Africa etc.

First Half Overall

Industry demand for Residential air conditioning fell year over year due to reluctance among buyers for consumer durable goods. Demand for Commercial air conditioning also declined year over year because of the slow recovery in store and office demand. Daikin strengthened user proposals centered on high value-added products, and sales grew over the previous year.

- ✓ Residential: With rising electricity rates and the growing need for energy savings, we increased market share by strengthening user proposals centered on **Urusara X**.
- ✓ Commercial: Sales expanded for **FIVE STAR ZEAS** and **machi Multi** because of their high energy savings and ease of workability. We also focused on system proposals combining such options as the **UV Streamer Disinfection Unit**, which adds air cleaning and disinfection functions.

Second Half Measures

With soaring energy prices, we will endorse proposals that help reduce electricity bills across all product groups.

Residential: We will launch new products promoting energy savings while aiming to expand sales and increase market share of high value-added products, such as **Urusara X**.

Commercial: We intend to launch new products that have even better energy-saving performance and workability. Also, we will aim to boost sales capabilities through dealer development, expand sales of high value-added products such as **FIVE STAR ZEAS**, and increase market share. We are also focusing on the Solutions business in areas including energy-saving proposals for buildings.

| Y/Y change (Volume basis) | | H1 Results | Full-Year Forecast |
|------------------------------|--------|---------------|-----------------------|
| Residential | Market | 91% | 93% |
| | Daikin | 94% | 98% |
| Commercial | Market | 99% | 102% |
| | Daikin | 96% | 104% |
| Applied | Market | 117% | 116% |
| | Daikin | 126% | 121% |

*Applied is based on total net sales.

First Half Overall

While industry demand in Residential remained sluggish, sales for Daikin exceeded the previous fiscal year by expanding sales in Commercial where demand is strong, strengthening sales by leveraging acquired companies, and steadily implementing selling price measures.

- ✓ Ducted Unitary for Houses: Although the situation of distribution inventory gradually improved due in part to the effect of a heat wave, sales dropped year on year because of the slow recovery in industry demand caused by lingering inflation and rising mortgage interest rates.
- ✓ Ductless: We utilized our strong sales network to expand sales and increase market share for **VRV systems**, whereas stagnant demand in the Residential market impacted **RA/SKY** sales, which declined year over year.
- ✓ Applied: Sales grew in a steady market by drawing on distributors with expertise in the manufacturing industry and data centers, and sales substantially exceeded the previous fiscal year.

Second Half Measures

Ducted Unitary for Houses: We will expand the lineup for the environment premium product **Fit system**. Newly eligible for the Inflation Reduction Act (IRA), the highly efficient **Fit system** will be introduced in some regions. We will also aim to further expand sales by focusing on development and training of dealers who can handle inverter products.

Ductless: Our aim is to increase market share by developing and improving our sales network and expanding online sales.

Applied: Along with increasing equipment sales for the manufacturing industry and data centers where demand is strong, we will work to expand and bolster our service personnel while expanding our Solutions business.

| Y/Y change (Volume basis) | | H1 | Full-Year Forecast | |
|------------------------------|--------|-------------|--------------------|--------|
| | | Results | Market | Daikin |
| Ducted Unitary for houses | | 78% | 91% | 92% |
| Ductless | RA/SKY | 82% | 90% | 100% |
| | VRV | 109% | 104% | 116% |
| Applied | | 154% | 116% | 137% |

*Applied is based on total net sales in local currency.

First Half Overall

After the zero-corona policy was lifted, all manufacturing and sales activities began operating at full speed for the first time in 3 years. Despite the slow recovery in the real estate market, sales expanded, mainly in Residential, to exceed the previous fiscal year. Operating profit remained high from increased sales of high value-added products and cost reduction initiatives.

- ✓ Residential: Our unique sales activities that combine user-direct offline retail sales with online activities, such as live broadcasts using showrooms, web advertising, and SNS, contributed to sales expansion. Sales also grew with the introduction of the **Daikin CARE Central Air System**, a new series of residential multi-split air conditioners integrating air conditioning, ventilation, and heat pump floor heating with solutions services with energy-saving and air quality proposals.
- ✓ Commercial: New products with high energy-saving performance were launched in response to market growth involving government projects, factories, green buildings, etc., from the promotion of carbon neutrality policies.
- ✓ Applied: In addition to investing in growth fields related to infrastructure and semiconductors, we strengthened our maintenance and servicing business.

Second Half Measures

Because of a slow recovery in the real estate market and decline in consumption, the business environment continues to be difficult. For this reason, we will aim for sales expansion by concentrating resources on direct sales to users, differentiating ourselves by proposing unique solutions, and conducting detailed sales activities for each customer.

- ✓ Residential: Resources will shift from the new housing market to the home renovation and resale markets as we aim to further strengthen sales activities that combine online and offline sales.
- ✓ Commercial: Focus will be on markets where demand is increasing in the background of carbon neutrality, such as for buildings and factories.

| Y/Y change (Local currency basis) | H1 | Full-Year Forecast | |
|---|-------------|--------------------|--------|
| | Results | Market | Daikin |
| Residential | 105% | 100% | 111% |
| Commercial | 95% | 102% | 106% |
| Applied | 100% | 100% | 100% |

First Half Overall

The ongoing monetary tightening policies made in response to inflation have put a damper on the economy and created a difficult business environment. With a decline in demand for Residential air conditioning and heat pump heating, we endeavored to sell high value-added products and implement thorough selling price measures. Sales also expanded for Commercial air conditioning and Applied. Sales for the region overall remained on par with the previous fiscal year.

- ✓ Residential: A heat wave in Southern Europe helped boost sales in France and Spain, but a decline in demand significantly affected results.
- ✓ Commercial: **VRV systems** sales grew due to energy-saving needs in offices and stores.
- ✓ Heating: Sales decreased due to falling gas prices and changes in subsidy systems of countries such as Italy.
- ✓ Applied: Sales expanded for environmentally conscious products such as small INV chillers using R32.
- ✓ Freezer and Refrigerator: Sales were stagnant because of the slow recovery in demand by food retail chains.

Second Half Measures

Residential: High energy savings will be promoted as we look to expand sales for heating applications.

Commercial: Proposal sales to offices and hotels will be enhanced from the perspective of the environment and energy savings as we aim to capitalize on recovery demand.

Heating: The business environment remains difficult with people holding off purchases because of the drop in gas prices and changes in the subsidy system. However, we will continue assessing market conditions, launch high value-added products, and strengthen development of our dealer network.

Applied: Sales will be expanded to large projects with strong demand.

Freezer and Refrigerator: We will strive to improve the business structure, including strengthening solutions proposals.

| Y/Y change (Volume basis) | | H1 | Full-Year Forecast | |
|------------------------------|-----|-------------|--------------------|--------|
| | | Results | Market | Daikin |
| Residential | | 81% | 81% | 88% |
| Commercial | SKY | 101% | 101% | 105% |
| | VRV | 101% | 102% | 105% |
| Heat-pump Heaters | | 73% | 73% | 88% |
| Applied | | 131% | 115% | 123% |
| Refrigerator and Freezer | | 67% | 95% | 93% |

*Residential, commercial, and heat-pump heaters are only for Europe.

*Applied, Refrigerator and Freezer are based on total net sales in local currency.

First Half Overall

Despite the difficult business environment in which demand slowed due to sluggish consumption accompanying inflation, overall sales for the regions increased year over year due to efforts to develop and support dealers and strong sales in India.

- ✓ Residential: The slowdown in demand caused overall sales to be on par with the previous fiscal year. In India, we utilized the sales network that has expanded until now to significantly increase sales. In Thailand, we partly took advantage of high temperatures to expand sales.
- ✓ Commercial: As project construction starts continue to be postponed or cancelled, dealer development and support led to the steady conversion of demand into orders and sales expansion.
- ✓ Applied: Equipment sales grew by capturing demand for commercial facilities and factories. We also expanded sales by focusing on the After Sales Service business such as maintenance and servicing.

Year-on-year Net sales of main countries (local currency basis)
 Australia: 101%, India: 128%, Vietnam: 99%
 Malaysia: 99%, Indonesia: 113%, Thailand: 127%

Second Half Measures

Residential: In India, along with accelerating expansion of our sales network in regional cities, we will expand sales by leveraging our supply capabilities with operation of a new factory (August 2023). In regions where inverter penetration rates are low, such as Indonesia and Malaysia, we will promote sales of inverter units excelling in cost competitiveness. We will also focus on developing promotional measures corresponding to customer segments.

Commercial: We will aim to increase sales with direct sales proposals to building owners and search for renovation projects and strengthen high value-added solutions such as energy savings, IAQ, and maintenance and servicing.

| Y/Y change (Volume basis) | | H1 Results | Full-Year Forecast | |
|------------------------------|-----|---------------|--------------------|--------|
| | | | Market | Daikin |
| Residential | | 102% | 111% | 117% |
| Commercial | SKY | 108% | 107% | 111% |
| | VRV | 113% | 116% | 117% |
| Applied | | 123% | 107% | 124% |

*Applied is based on total net sales in local currency.

First Half Overall

Sales fell year on year due to the decline in demand for semiconductor manufacturing processes, automotive sector, and fine chemicals, as well as the accompanying distribution inventory adjustment. Nevertheless, profits increased from the expansion of sales in markets with strong demand and selling price measures.

- ✓ Fluorocarbon Gas: Along with relatively strong demand, the beneficial effects of selling price measures led to results that significantly exceeded the previous fiscal year.
- ✓ Polymers and Fluoroelastomers
 - Fluoropolymers: Despite a slowdown in demand in the information and communications technology sector, which includes automobiles and LAN cables, demand for semiconductor manufacturing equipment remained strong, resulting in an increase over the previous fiscal year.
 - Fluoroelastomers: Sales fell year on year due to a slowdown in demand in the automotive sector.
- ✓ Fine Chemicals, etc.: Sales were significantly lower than the previous year due lower demand for anti-smudge surface coating agents, water and oil repellents, and etching agents for semiconductor manufacturing processes.

Second Half Measures

Despite the continuing sluggish demand for products for manufacturing processes, we will expand sales in the semiconductor sector by strengthening supply capacity of materials for manufacturing equipment in strong demand.

In the automotive sector, we will strengthen application development for positive electrode binders and sealing materials for lithium-ion batteries in response to the rising demand for EVs.

For repellent materials, we will expand sales in the textile market for environmentally advanced products.

| Y/Y change (Net sales basis) | H1 Results | Full-Year Forecast | |
|-----------------------------------|---------------|--------------------|--------|
| | | Market | Daikin |
| Total | 96% | 97% | 99% |
| Fluorocarbon Gas | 126% | 103% | 111% |
| Fluoropolymers & Fluoroelastomers | 100% | 98% | 104% |
| Fine Chemicals, etc. | 75% | 91% | 82% |

First Half Overall

Sales fell against the previous fiscal year due to a drop in sales following steps by the company to withdraw from low profit businesses in the United States.

- ✓ Air Filter: Amid steady demand, sales grew for high-performance filters in the hospital, pharmaceutical, and data center markets in the United States, Europe, and Japan. In Asia, sales decreased from a slowdown in semiconductor investment.
- ✓ P&I*: Sales of special filters used at oil fields were strong. Efforts including shifting resources to the After Sales Service business were made to improve the business structure.

*P&I: commercial-use dust collection systems such as for gas turbines and large-scale plants

Second Half Measures

Air Filter: In each region, we will expand sales of high value-added products for the semiconductor, pharmaceutical, and data center markets while focusing on improving productivity and reducing costs.

P&I: We will focus on strong businesses such as dust collection systems and After Sales Service as we aim to expand sales by strengthening product appeal.

Other Businesses

First Half Overall

Oil Hydraulics: Sales of products to Japan and the United States decreased for construction equipment and vehicles. While demand for industrial equipment fell in the Japanese market, sales to Europe and the United States grew, resulting in overall sales exceeding the previous fiscal year.

Defense Systems: Sales for both oxygen concentrators and pulse oximeters decreased in a reversal of higher demand because of the COVID-19 pandemic, resulting in sales falling below the previous fiscal year.

Electronics: Sales rose from higher sales of database systems for the design and development field that meet customer needs such as for solving quality issues, shortening design and development periods, and supporting cost reductions, and sales for data science software also increased. Consequently, sales exceeded the previous fiscal year.

Second Half Measures

Oil Hydraulics: With the acceleration of carbon neutrality and expansion of the need for energy savings, we will work to expand sales of both construction and industrial equipment.

Defense Systems: We will accelerate online sales of oxygen concentrators and development of local distributors in China.

Electronics: We will strengthen R&D support for the manufacturing industry and solution proposals for the construction industry.

IV. Dividends Plan

Daikin plans an annual dividend of 240 yen (interim 120 yen and term-end 120 yen.)

【Dividend Policy】

Together with making every effort to maintain a ratio of dividends to shareholder equity (DOE) of 3.0% based on the principle of always providing stable dividends to shareholders, we will continue striving in our mission to provide shareholders with even greater return by aiming for an increasingly higher level of dividend payout ratio.

| | | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 (Forecast) |
|-----------------------|---------|--------|--------|--------|--------|----------------------|
| Dividend per share | Interim | ¥80 | ¥80 | ¥90 | ¥100 | ¥120 |
| | Annual | ¥160 | ¥160 | ¥200 | ¥240 | ¥240 |
| Earning per share | H1 | ¥405.1 | ¥289.2 | ¥475.3 | ¥534.3 | ¥522.7 |
| | Annual | ¥583.6 | ¥534.0 | ¥743.9 | ¥880.6 | ¥901.9 |
| (Reference) DOE Trend | | 3.3% | 3.0% | 3.2% | 3.3% | 3.0% |

Exchange Rate

| | FY2022 Results | | | FY2023 | | |
|-----|----------------|-------|-------|------------|-------------|----------------|
| | H1 | H2 | Total | H1 Results | H2 Forecast | Total Forecast |
| USD | ¥134 | ¥137 | ¥135 | ¥141 | ¥135 | ¥138 |
| EUR | ¥139 | ¥143 | ¥141 | ¥153 | ¥145 | ¥149 |
| RMB | ¥19.9 | ¥19.6 | ¥19.8 | ¥19.8 | ¥19.5 | ¥19.6 |
| THB | ¥3.8 | ¥3.9 | ¥3.9 | ¥4.1 | ¥3.6 | ¥3.8 |
| AUD | ¥94 | ¥92 | ¥93 | ¥93 | ¥87 | ¥90 |

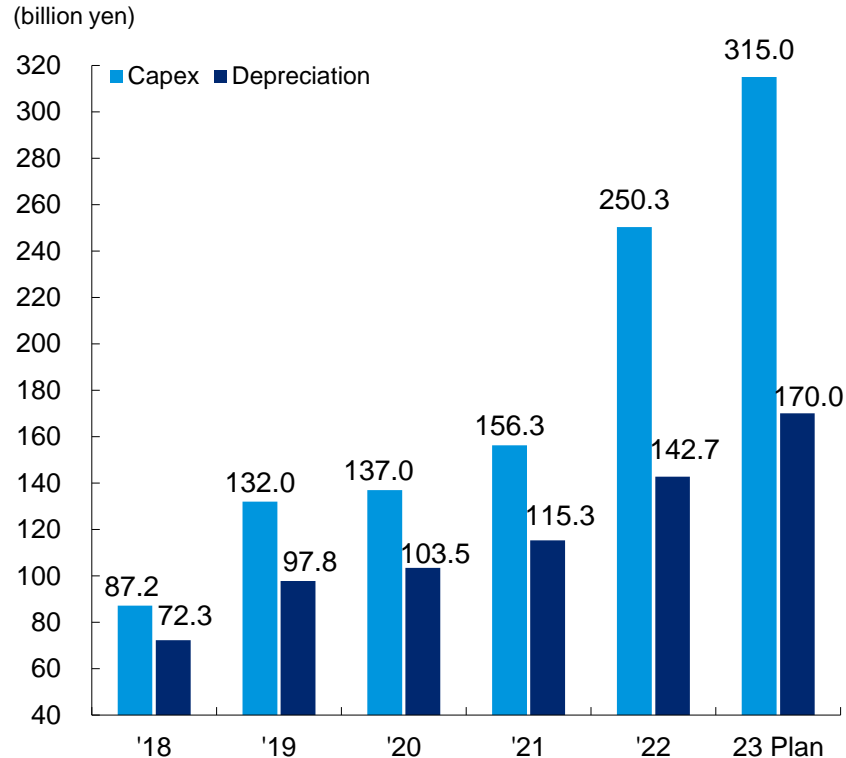
Sensitivity of Foreign Exchange (Impact of change by 1 yen to operating profit)

| | FY2023 Forecast |
|-----|-------------------|
| USD | 2.2 billion yen * |
| EUR | 0.9 billion yen |

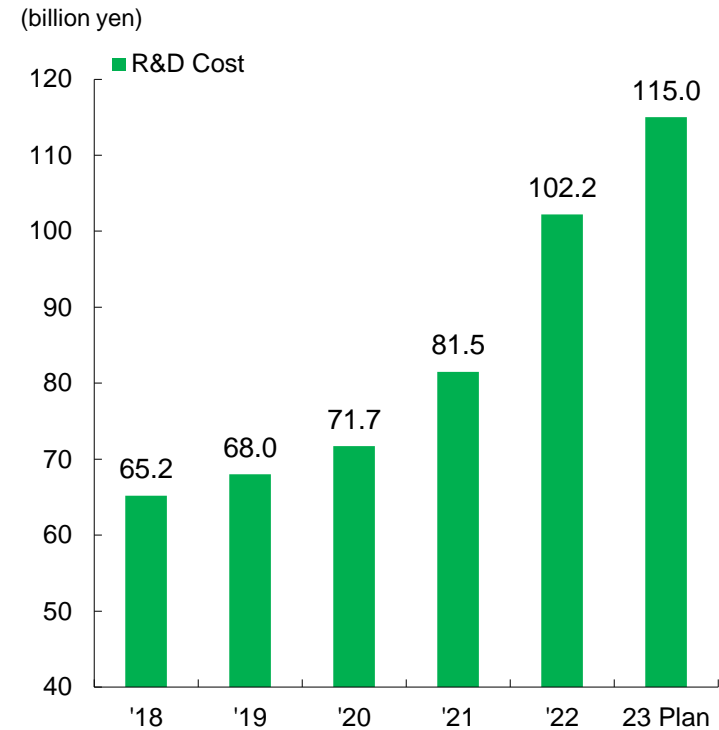
*Changes for the THB, RMB, AUD, etc., are assumed to be linked to the USD.

Capex, Depreciation and R&D Cost

Capex and Depreciation



R&D Cost



<Reference> First Half Trends

| (billion yen) | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---------------|--------|--------|--------|--------|--------|
| Capex | 54.0 | 63.3 | 64.8 | 95.0 | 150.4 |
| Depreciation | 46.1 | 50.3 | 55.7 | 67.9 | 80.9 |
| R&D Cost | 33.6 | 33.0 | 38.7 | 47.6 | 59.8 |



Notes on forecast

This data is compiled for informational purposes and is not to be construed as a solicitation of any action. This data (includes management plan) was compiled by Daikin Industries., Ltd. (the Company) based on reliable information available at the time of compilation. It may include some risks and uncertainties. The Company is not responsible for its accuracy or completeness. The Company asks for your own discretion in using this data. The Company accepts no liability for any loss or damage of any kind arising out of judgment for investment made solely relying on the business forecast or target figures described in the data.